

Program C: Earl K. Long Medical Center

PROGRAM DESCRIPTION

The mission of Earl K. Long Medical Center is: (1) to provide quality medical care to residents of the service area, regardless of their ability to pay; (2) to serve, through affiliation with LSU School of Medicine, as a teaching hospital for physician education; (3) to support training in nursing and allied health care professions; (4) to support the community through health education and prevention services; and (5) as a public hospital, to assure the public's trust through prudent management of financial and human resources.

The goals of Earl K. Long Medical Center are:

1. Prevention: To provide health care effectiveness with an emphasis on preventive and primary care.
2. Partnership: To integrate health delivery network with internal and external community partners.
3. Performance: To improve management information systems and fiscal accountability.

LSUMC-Earl K. Long Medical Center (EKLMC) is a state operated, acute care medical facility that has served East Baton Rouge Parish, and the seven surrounding parishes within its designated area, since 1968. The seven parishes outside East Baton Rouge are West Baton Rouge, East and West Feliciana, Iberville, Livingston and Pointe Coupee. The Medical Center provides additional support functions such as pharmacy; blood bank; respiratory therapy; anesthesiology; and various diagnostic services and other support functions of a non-medical nature, such as administration; maintenance, housekeeping; mail service; purchasing; accounting; and admissions and registration.

LSUMC-EKLMC offers graduate medical education to physicians training in the following specialties: anesthesiology, dermatology, emergency medicine, family medicine, internal medicine, obstetrics/gynecology, ophthalmology, oral surgery, orthopedics, pediatrics and surgery. Nursing and other allied health students receive a portion of their clinical experience at the Medical Center.

The Medical Center provides on site outpatient services by appointment at the Woman's Clinic at the EKLMC Annex and the Medicine & Eye Clinic and Early Intervention/HIV Ambulatory Care Clinic, the Family Practice Center, General Surgery/Orthopedic Clinics, Pediatric Clinic, and Oral Surgery Clinic.

Additional clinic services are provided through LSUMC-EKLMC Outreach Clinics, staffed by LSUMC-EKLMC (to provide primary medical care). These clinics are located in Baton Rouge at the North Baton Rouge Community Center and the Leo S. Butler Community Center, and at the Chaneyville Community Center in Zachary, Louisiana. A Diabetic Foot Care Clinic recently opened and is located in Baton Rouge.

The operation of LSUMC-EKLMC is overseen by the LSUMC Health Care Services Division. The hospital has 187 available adult and pediatric beds. Of these beds, six are designated for prisoner care and 44 beds are located off site for psychiatric care.

The Medical Center is accredited by regulatory agencies including the JCAHO, HCFA, CLIA and numerous others.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2000-2001. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

The objectives and performance indicators that appear below are associated with program funding in both the Base Executive Budget and Governor's Supplementary Recommendations for FY 2000-01. Explanatory notes identify the funding category related to individual objectives and/or performance indicators. Specific information on program funding is presented in the financial sections that follow performance tables.

1. (KEY) To continue to provide professional, quality, acute general medical and specialty services to patients in the hospital and maintain the average length of stay of 5.9 days for patients admitted to the hospital.

Strategic Link: *This objective reflects the movement toward the achievement of the 1998-2002 Health Care Services Division (HCSD) Strategic Plan Goal 1: Implement initiatives to improve effectiveness of health care delivery in the HCSD system by enhancing the preventive and primary care components.*

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
S	Number of staffed beds ¹	204	187	190 ²	190 ²	187	187
K	Average daily census ³	Not applicable ⁴	133	Not applicable ⁵	129 ⁶	127	127
K	Emergency department visits	80,964	76,875	92,384 ²	92,384 ²	79,040	79,040
S	Total outpatient encounters	213,009	195,109	190,060 ²	190,060 ²	204,679	204,679
K	Percentage of gross revenue that is outpatient revenue (current year)	Not applicable ⁴	36.28%	Not applicable ⁵	34.96% ⁶	33.62%	33.62%
S	Number of staff per patient	Not applicable ⁴	7.05 ⁷	Not applicable ⁵	7.79 ⁷	8.17 ⁷	8.17
S	Average length of stay for inpatients	5.9 ⁴	5.4	5.9	5.9	5.9	5.9
K	Cost per adjusted discharge ⁸	Not applicable ⁴	\$5,421	\$7,426	\$7,426	\$5,959 ⁹	\$5,959
K	Readmission rates	Not applicable ⁴	Not available ⁷	Not applicable ⁵	Not available ⁷	Not available ⁷	Not available ⁷
S	Patient satisfaction survey rating	Not applicable ⁴	Not available ⁷	Not applicable ⁵	Not available ⁷	Not available ⁷	Not available ⁷
K	JCAHO/HCFA accreditation	Not applicable ⁴	100%	93%	93%	100% ¹⁰	100%
K	Salaries and benefits as a percent of total operating expenses ⁸	Not applicable ⁴	43.58%	42.50%	42.50%	44.09%	44.09%
S	Percentage change in gross outpatient revenue as a percent of total revenue	Not applicable ⁴	-6.89%	Not applicable ⁵	-3.64%	-3.83%	-3.83%

¹ Staffed beds is consistent with the American Health Association's definition of available beds.

² HCSD had earlier planned to absorb the FY 2000 \$40 million budget shortfall entirely in inpatient days. The impact of such a course of action would have been a wholesale reduction in the number of staffed beds, reducing inpatient days, reducing clinic visits and increasing emergency department visits, because of loss of staff. Performance standards shown in the Executive Budget were adjusted in anticipation of this course of action. Since the standards adjustment occurred, HCSD offset \$7 million of the losses with efficiencies and gave the medical centers the responsibility for developing contingency plans to allow them to decide how the cuts might best be made. As a result, the performance standards must be re-adjusted because inpatient days, outpatient encounters, and available (staffed) beds are set much too low, given the current situation and will either be impossible to meet or very easy.

- ³ In order for average daily census to be meaningful, it must be understood in context. Actual daily census can be at or over 100 percent of staffed beds on some high-demand days, and additional beds (over the average daily census) have traditionally been kept available by all hospitals to deal with unanticipated demand.
- ⁴ This performance indicator did not appear under Act 19 and therefore had no performance standard for FY 1998-99.
- ⁵ This performance indicator did not appear under Act 10 and therefore had no performance standard for FY 1999-2000.
- ⁶ This Existing Operating Budget Level figure is an estimate and not a standard that appeared under Act 10 for FY 1999-2000.
- ⁷ HCSD is working on providing this information and plans to submit an amendment to House Bill 1 to add this as a quality of care indicator.
- ⁸ There is great diversity in the level and volume of service provided at medical centers. There is a cost differential inherent in the proportion of primary (non-emergent outpatient care) and secondary services (inpatient services) provided by a hospital. Tertiary services, such as the advanced trauma services provided at MCLNO, add another level of costs that need to be factored in the comparison. Whether a hospital provided medical education must also be considered. These factors impact the cost per adjusted discharge and the number of employees per adjusted discharge. Each hospital in the HCSD system should be compared to groups in the nation which are as closely similar as possible in order to get a sense of how well each hospital is functioning.
- ⁹ Because the General Ledger staff have been diverted to implement PeopleSoft as quickly as possible, HCSD has been forced to discontinue the General Ledger accounting system for FY 2000 and probably most of FY 2001. HCSD will be unable, therefore, to provide actual "cost per adjusted discharge," but will be able to provide "operating expense per adjusted discharge" in La Pas reporting for those years. This figure will be technically different but substantively comparable to "cost per adjusted discharge."
- ¹⁰ The change from a 93% compliance to 100% compliance reflects a change in calculations. The 100% level reflects a pass/fail approach to certification.

GENERAL PERFORMANCE INFORMATION:					
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1994-95	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Percentage of gross revenue that is outpatient revenue (prior year)	29.09%	29.99%	26.95%	40.24%	38.97%
HCIA National Standard for cost per adjusted discharge (median)	5,966	6,270	6,505	Not available ¹	Not available ¹
HCIA National Personal services (salaries & benefits) cost as a percent of operating cost (median)	50.28%	49.54%	49.17%	Not available ¹	Not available ¹

¹ The 2000 Sourcebook, which will contain standards for 1998, has been published, but has not yet been received by HCSD.

2. (KEY) To enroll at least one-third of the eligible diagnosed diabetic, asthmatic, HIV+ and high risk congestive heart failure patients in the Health Care Services Division (HCSD) system into disease management protocols.

Strategic Link: *Implements strategic plan Goal 1 initiatives: To improve the effectiveness of health care delivery in the HCSD system by enhancing the preventive and primary care components.*

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
S	Patients with covered diseases	Not applicable ¹	Not available ²	Not applicable ³	5,539 ⁴	5,710 ⁵	5,710
K	Eligible diagnosed patients enrolled	Not applicable ¹	Not available ²	Not applicable ³	1,385 ⁴	1,903	1,903

¹ This performance indicator did not appear under Act 19 and therefore had no performance standard for FY 1998-99.

² This is a new performance indicator to measure the new objective above. The HCSD (representatives of the medical and administrative sides of each medical center and the administrative office) is in the process of developing a new strategic plan which will more clearly reflect the core purposes and values of the Division. The focus expressed in the goals in the 1998-2002 (health care effectiveness with emphasis on preventive and primary care; integrated health delivery network with internal and external community partners; and improved management information systems and fiscal accountability) is unchanged, but emphasis in the objectives chosen has changed slightly.

³ This performance indicator did not appear under Act 10 and therefore had no performance standard for FY 1999-2000.

⁴ This indicator is critically important to measuring the system's success in implementing the disease management initiative. However, eligibility for the initiative is currently calculated differently by each medical center. An important part of the reason for the new strategic plan is to systematize the hospitals, so that comparisons and, therefore, improvements based on sharing information can occur. One step in this process is to agree on and implement a definition for eligibility for disease management. This will take place in the fiscal year and correct eligibility figures will be available for the next Operational Plan.

⁵ The patients with covered diseases estimate is based on computerized patient billing records which provide an unduplicated count of patients with targeted diseases seen in the hospital in 1998. This is currently an underestimate of the actual prevalence of these disorders in the patient population because: a) only patients who have been diagnosed with the disorder are reflected; and b) billing records reflect the treatment provided - not the medical history of the patient.

3. (SUPPORTING) To assess and take steps to ameliorate over utilized or non-existent services in the Earl K. Long (EKL) catchment area.

Strategic Link: *This objective reflects the incremental movement toward the achievement of the 1998-2002 Health Care Services Division Strategic Plan Goal 2 which is to implement initiatives to improve coordination with other segments of the Louisiana health care delivery system.*

Explanatory Note: Catchment area is defined as the parishes from which the majority of the hospital's patients are drawn. These include Ascension, East Baton Rouge, West Baton Rouge, East and West Feliciana, Iberville, Livingston and Pointe Coupee.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
S	Percentage completion of community needs assessment in the EKL catchment area	Not applicable ²	0%	Not applicable ³	0% ⁴	100%	100%
S	Number of collaborative agreements signed with other health care providers ¹	Not applicable ²	9	Not applicable ³	10 ⁴	11	11

¹ Collaborative agreements have been defined as contracts, cooperative endeavors, or affiliation agreements with health care providers (i.e., hospitals, physicians, nurses, allied health providers or agencies) or health-related entities (i.e., schools, state agencies) outside the HCSD system.

² This performance indicator did not appear under Act 19 and therefore had no performance standard for FY 1998-99.

³ This performance indicator did not appear under Act 10 and therefore had no performance standard for FY 1999-2000.

⁴ This Existing Operating Budget Level figure is an estimate and not a standard.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1998-1999	ACT 10 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	69,737,643	70,901,440	70,901,440	72,054,606	69,138,110	(1,763,330)
Fees & Self-gen. Revenues	951,522	924,600	924,600	924,600	924,600	0
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	5,863,130	6,078,748	6,078,748	6,078,748	6,078,748	0
TOTAL MEANS OF FINANCING	<u>\$76,552,295</u>	<u>\$77,904,788</u>	<u>\$77,904,788</u>	<u>\$79,057,954</u>	<u>\$76,141,458</u>	<u>(1,763,330)</u>
EXPENDITURES & REQUEST:						
Salaries	\$24,986,435	\$25,084,277	\$25,074,822	\$26,215,241	\$24,951,796	(123,026)
Other Compensation	2,554,080	2,870,909	2,610,358	2,610,358	2,610,358	0
Related Benefits	4,399,959	4,659,541	4,497,858	4,654,665	4,806,767	308,909
Total Operating Expenses	21,434,506	25,309,600	25,036,480	24,221,475	22,877,770	(2,158,710)
Professional Services	3,526,749	3,401,126	3,689,246	3,784,872	3,689,246	0
Total Other Charges	18,898,839	15,786,335	16,203,024	16,790,843	16,425,021	221,997
Total Acq. & Major Repairs	751,727	793,000	793,000	780,500	780,500	(12,500)
TOTAL EXPENDITURES AND REQUEST	<u>\$76,552,295</u>	<u>\$77,904,788</u>	<u>\$77,904,788</u>	<u>\$79,057,954</u>	<u>\$76,141,458</u>	<u>(1,763,330)</u>
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	0	950	950	950	902	(48)
Unclassified	0	0	0	0	0	0
TOTAL	<u>0</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>902</u>	<u>(48)</u>

A supplementary recommendation of \$51.3 million, of which all is Uncompensated Care, is included in this program, including 629 positions. Funding is dependent upon renewal of the 3% suspension of the exemptions to the sales tax. These items are contingent upon Revenue Sources in excess of the Official Revenue Estimating Conference Forecast subject to Legislative approval and recognition by Revenue Estimating Conference.

A supplementary recommendation of \$5.1 million, of which \$4.2 million is Uncompensated Care and \$833,000 is claims from the Medically Needy Program, is included in this Program. These items are contingent upon Revenue Sources in excess of the Official Revenue Estimating Conference Forecast subject to Legislative approval and recognition by Revenue Estimating Conference.

SOURCE OF FUNDING

This program is funded with Interagency Transfers, Self-generated Revenue and Federal Funds. The Interagency Transfers represent Title XIX reimbursement from the Medicaid program for services provided to Medicaid eligible and "free care" patients. The Self-generated Revenue represents insurance and self pay revenues for services provided to patients who are not eligible for "free care". The Federal Funds are derived from Title XVIII, Medicare payments for services provided to Medicare eligible patients.

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$77,904,788	950	ACT 10 FISCAL YEAR 1999-2000
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$0	\$77,904,788	950	EXISTING OPERATING BUDGET – December 3, 1999
\$0	\$494,539	0	Annualization of FY 1999-2000 Classified State Employees Merit Increase
\$0	\$645,880	0	Classified State Employees Merit Increases for FY 2000-2001
\$0	(\$2,121,416)	0	Risk Management Adjustment
\$0	\$780,500	0	Acquisitions & Major Repairs
\$0	(\$793,000)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$429)	0	Legislative Auditor Fees
\$0	\$75	0	UPS Fees
\$0	\$261	0	Salary Base Adjustment
\$0	(\$512,168)	0	Attrition Adjustment
\$0	(\$607,062)	(48)	Personnel Reductions
\$0	\$20,117	0	Civil Service Fees
\$0	\$83,421	0	Other Adjustments - Maintenance contracts on existing equipment
\$0	\$200,994	0	Other Adjustments - House Officer stipend increase to the Southern Regional Average
\$0	\$44,958	0	Other Adjustments - Increase transfer of Ryan White Federal Funds from OPH for HIV medications
\$0	\$76,141,458	902	TOTAL RECOMMENDED
\$0	(\$56,404,000)	(629)	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$0	\$19,737,458	273	BASE EXECUTIVE BUDGET FISCAL YEAR 2000-2001
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL:
\$0	\$51,371,000	629	A supplementary recommendation of \$51.3 million, of which all is Uncompensated Care, is included in the Total Recommended for E.K. Long Medical Center, including 629 positions
\$0	\$51,371,000	629	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL

			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$5,033,000	0	A supplementary recommendation of \$5.1 million, of which \$4.2 million is Uncompensated Care and \$833,000 is claims from the Medically Needy Program, is included in the Total Recommended for E.K. Long Medical Center
\$0	\$5,033,000	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$0	\$76,141,458	902	GRAND TOTAL RECOMMENDED

The total means of financing for this program is recommended at 97.7% of the existing operating budget. It represents 83.6% of the total request (\$91,028,351) for this program. The decrease reflected above is a result of a significant reduction in Risk Management premiums and a reduction of twenty-three vacant positions. This overall decrease will not have a significant impact on the delivery of services.

PROFESSIONAL SERVICES

\$2,098,770	C & M Medical Services for emergency room staffing and operation
\$380,000	C & M Medical Services for emergency medicine residency program
\$800,000	Baton Rouge Radiology for x-ray staffing, supervision and administration
\$90,000	Louisiana Cardiology Associates for cardiology services
\$200,000	Vascular Lab for vascular studies
\$40,000	Don Arnold for architectural services
\$20,000	Bio Medical Applications for inpatient dialysis services
\$15,000	Health Care Education for ICD-9 CDM training of employees
\$24,000	Wayne Bryan and Maxime Thomas for various chaplain services
\$10,000	S. Longo and Associates for Joint Commission on the Accreditation of Healthcare Organizations consultation
\$6,476	Kilgore's for survey of Radiology and Nuclear Medicine
\$5,000	Mary Bird Perkins Cancer Center for blood testing
\$3,689,246	TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$508,000 Cancer Treatment Program costs
\$20,907 Legislative Auditor expenses

\$528,907 SUB-TOTAL OTHER CHARGES

Interagency Transfers:

\$5,659,572 Payments to LSU Medical Center for faculty supervision and physician services
\$3,422,043 Payments to LSU Medical Center for House Officer salaries
\$366,364 Payments to LSU Medical Center for Physical Therapy
\$48,360 Payments to LSU Medical Center for Psychology services
\$5,500,000 Payments to Greenwell Springs Hospital for operation and management of acute psychiatric inpatient unit
\$111,878 Payments to Civil Service
\$31,830 Payments for Uniform Payroll System expenses
\$48,475 Payments to Southern University and Grambling University for the Administrative Internship/Residency Program
\$2,001 Payments to LSU School of Nursing for Continuing Education for Nurses
\$705,591 Payments to LSU for for various personnel, including CEO, COO, Information Systems Technicians and IS personnel

\$15,896,114 SUB-TOTAL INTERAGENCY TRANSFERS

\$16,425,021 TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$780,500 Funding for replacement of inoperable and obsolete equipment

\$780,500 TOTAL ACQUISITIONS AND MAJOR REPAIRS